Registered No. 253
10th July 1895.

ACT No. X OF 1895.

PASSED BY THE GOVERNOR GENERAL OF INDIA IN COUNCIL.

(Received the assent of the Governor General on the 7th March, 1895.)

An Act to provide for the payment by Railway Companies registered under the Indian Companies Act, 1882, of interest out of capital during construction.

WHEREAS it is expedient to provide for the payment by Railway Companies registered under the Indian Companies Act, 1882, of interest out of capital during construction; It is hereby enacted as follows:—

VI of 1882.

Title, extent and commencement.

1. (*1*) This Act may be called the Indian Railway Companies Act, 1895.

(*2*) It extends to the whole of British India; and

(*3*) It shall come into force at once.

Definitions.

2. In this Act, unless there is something repugnant in the subject or context,—

(*1*) "railway" means a railway as defined in section 3, clause (*4*), of the Indian Railways Act, 1890:

IX of 1890.

(*2*) "the railway" means the railway in relation to the construction of which interest out of capital is permitted to be paid as hereinafter provided: and

(*3*) "Railway Company" means a Company registered under the Indian Companies Act, 1882, and formed for the purpose of making and working, or making or working, a railway in India, whether alone or in conjunction with other purposes.

VI of 1882.

Payment of interest out of capital.

3. A Railway Company may pay interest on its paid-up share capital out of capital, for the period, and

[*Price one anna and six pies.*]

and subject to the conditions and restrictions, in this section mentioned, and may charge the same to capital as part of the cost of construction of the railway:—

(*1*) Such interest shall be paid only for such period as shall be determined by the Governor General in Council; and such period shall in no case extend beyond the close of the half-year next after the half-year during which the railway shall be actually completed and opened for traffic.

(*2*) No such payment shall be made unless the same is authorised by the Company's memorandum of association or by a special resolution of the Company.

(*3*) No such payment, whether authorised by the Company's memorandum of association or by special resolution as aforesaid, shall be made without the previous sanction of the Governor General in Council.

(*4*) The amount so paid out of capital by way of interest, in respect of any period, shall in no case exceed a sum which shall, together with the net earnings of the railway during such period, make up the rate of four per cent. per annum.

(*5*) No such payment of interest shall be made until such Railway Company has satisfied the Governor General in Council that two-thirds at least of its share capital, in respect whereof interest is to be so paid, has been actually issued and accepted, and is held by shareholders who, or whose representatives, are legally liable for the same.

(*6*) No such interest shall accrue in favour of any shareholder for any time during which any call on any of his shares is in arrear.

(*7*) The payment of such interest shall not operate as a reduction of the amount paid up on the shares in respect of which it is paid.

Povisions of section 3 applicable to additional share capital for extensions.

4. A railway in course of construction and intended to be made or worked by a Railway Company in addition to or by way of extension of any railway owned or worked by such Company shall be deemed to be the railway of such Company for the purposes of this Act, and all the provisions of the last preceding section shall apply to such railway and to the share capital issued for the purpose of its construction.

Notice in prospectus and other documents.

5. When a Railway Company has power to pay interest under this Act, notice to that effect shall be given in every prospectus, advertisement or other document inviting subscriptions for shares therein, and in every certificate of such shares.

Accounts.

6. When any interest has been paid by a Railway Company under this Act, the annual or other accounts of such Company shall show the amount on which, and the rate at which, interest has been so paid.

Construction of borrowing powers.

7. If by any memorandum of association, articles of association or other document any power of borrowing money is conferred on a Railway Company, or on its Directors, with or without the sanction of any meeting, and if such power of borrowing is limited to an amount bearing any proportion to the capital of such Company, the amount of capital appliedor to be applied in payment of interest under this Act shall, for the purpose of ascertaining the extent of such power of borrowing, be deducted from the capital of such Company.

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